Insights: Financial Capability

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Patterns in Fraud Awareness: What Comes to Mind When Americans Think About Financial Fraud

In 2025, consumers reported 3 million fraud cases to the Federal Trade Commission (FTC), reflecting $15.9 billion in losses—up from $12 billion reported the previous year[1]. The true scale is far larger, as many victims never report fraud. In fact, the FTC estimates actual losses in 2024 reached nearly $196 billion when accounting for underreporting,[2] and while official 2025 estimates aren't yet available, losses likely exceeded $200 billion. Beyond the financial damage, fraud victims often report shame, severe stress, depression and sleep disturbances.[3] Research on older victims shows fraud may harm physical health and even shorten lifespan.[4] Educating people about common fraud types may help reduce these losses—when people know what to look for, they're better able to recognize scams and may avoid losing money to them.

To successfully boost people's fraud awareness, however, we need to know what the public already knows (or doesn't know) about financial fraud. In this brief, we seek to answer this question by surveying a nationally representative sample of 1,509 U.S. adults about their fraud experiences. Specifically, using an open-ended question (which allows respondents to type in their own responses), we asked respondents to list up to five fraud schemes or tactics. We then used computerized natural language processing to analyze the responses, resulting in five broad categories of fraud types—consumer-based, opportunity-based, threat-based, imposter-based and identity-based fraud (see Figure 1 for definitions). This approach allowed us to gauge which types of fraud are top-of-mind for Americans, which specific factors are tied to fraud awareness, and whether fraud awareness is related to engaging with and losing money to fraud.

Highlights

- Half of adults mentioned identity-based fraud, but other fraud types—including consumer-based, imposter-based, opportunity-based and threat-based were each referenced by only 14–20 percent of respondents.
- Fraud awareness varied by age, gender, income, education and race/ethnicity, but not uniformly. Different demographic groups showed more awareness of certain fraud types but less awareness of others.
- Respondents with higher levels of financial literacy were more likely to mention nearly all fraud types.
- Fraud awareness is related to different outcomes. Respondents mentioning consumer- and identity-based frauds were more likely to report being targeted by a fraudster, while mentioning threat-based fraud was associated with avoiding financial losses.

This issue brief summarizes the findings from a paper titled *Capturing Adults' Familiarity With Financial Fraud: Relationships With Targeting, Engagement, and Victimization* in The Journal of Consumer Affairs.

What We Did

We asked a nationally representative sample of 1,509 adults from RAND's American Life Panel to list up to five schemes or tactics fraudsters use[a], yielding 5,142 responses. We then categorized these free-form answers into five fraud categories summarized in Figure 1: (1) consumer-based, (2) identity-based, (3) imposter-based, (4) opportunity-based, and (5) threat-based fraud.

Figure 1. Five fraud types with selected examples from survey respondents

Participants also provided demographic information (e.g., age, gender, race/ethnicity, income, education),

CONSUMER-BASED

Sells something that doesn't exist or isn't as advertised. Fraudster sells fake or unnecessary products or services.

"Call to extend car warranty but just takes your money"

"Misusing funds / not actually planning on providing goods / services"

IDENTITY-BASED

Steals or misuses victims' **personal information**—like Social Security number, credit card or account passwords.

"Calls asking for details of financial instruments"

"Using mail to get identity information"

IMPOSTER-BASED

Pretends to be a trusted person, company or government agency.

"Impersonating someone on a Facebook account"

"Claiming to be a bank or credit card company to get your account info"

OPPORTUNITY-BASED

Lures victims with **exciting promises**—quick wealth, unexpected prizes or social connections. Makes people feel lucky or special.

"You've won a sweepstakes - send us money to get your prize"

"Advance payment in lieu of work"

THREAT-BASED

Creates **fear and panic** to pressure quick action. Fraudster threatens consequences if victims don't pay.

"Email- sending a bill for buying an Apple computer"

"There is a virus on your computer"

[a] At the start of the survey instrument, we provided participants with definitions for fraud and fraudsters (see Appendix).

completed a three-item financial literacy assessment[5] and reported on their financial fraud experiences—including whether they had ever been targeted by a fraudster, subsequently interacted with the fraudster, and, as a result of interacting, lost money to a scam (see Appendix for fraud-related questions).

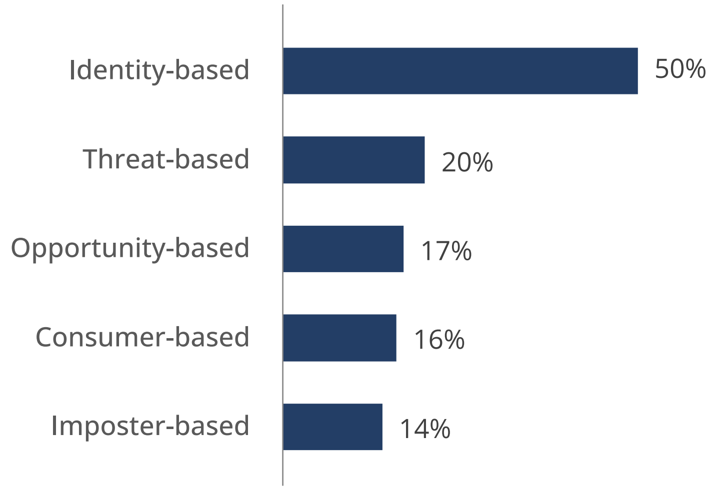
What We Found

Few Americans mention common fraud types

When asked to name types of fraud, half of respondents (50 percent) mentioned an identity-based fraud. Awareness of other fraud types was even lower: only 20 percent mentioned a threat-based fraud, 17 percent mentioned opportunity-based fraud, 16 percent mentioned consumer-based fraud and 14 percent mentioned imposter-based fraud. These findings suggest many common fraud types are not top-of-mind for most Americans.

Figure 2. Fraud type mentions among respondents

Fraud awareness differs by demographics—but these differences are not uniform



Respondents ages 40 and older were more likely to mention consumer-based fraud than younger adults (21 percent vs. 7 percent)[b]. Women were more likely than men to mention imposter-based fraud (18 percent vs. 10 percent), but less likely to mention identity-based fraud (44 percent vs. 56 percent). Hispanic respondents were less likely to mention identity-based fraud than white respondents (38 percent vs. 52 percent). Those with incomes of $50,000 or higher were more likely to mention threat-based fraud than respondents with lower incomes (24 percent vs. 12 percent). Those with a college education were more likely to mention consumer-based fraud (18 percent vs.12 percent) but less likely to mention threat-based fraud (16 percent vs. 27 percent). These findings persisted even after accounting for other demographic and psychographic factors (see About the Data for list of control variables).

[b] Percentages are based on predicted probabilities from logistic regressions that control for relevant demographic and psychographic factors. All reported findings are significant at the *p* <.05 level.

Figure 3. Demographic differences in frequency of fraud type mentions

Demographic Factor	Consumer-based	Identity-based	Imposter-based	Opportunity-based	Threat-based
Age 40+ (vs. under 40)	↑				
Female (vs. male)		↓	↑		
Hispanic/Latino (vs. white)		↓			
Income $50K+ (vs. under $50K)					↑
College (vs. HS diploma)	↑				↓

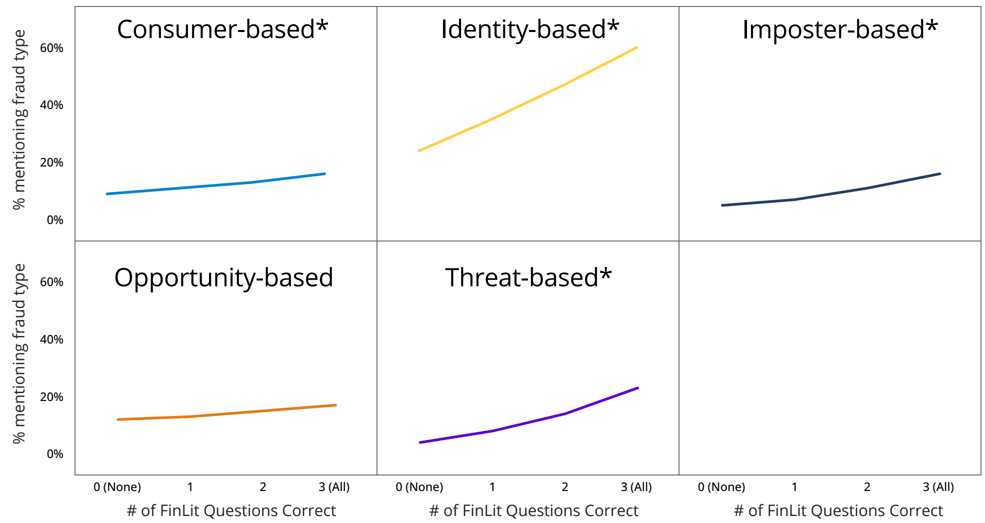
Note: All differences illustrated are statistically significant at the *p* <.05 level

Those with higher financial literacy mention more fraud types

To assess financial literacy, we asked respondents to complete a three-item quiz testing their understanding of interest rates, inflation and risk diversification. Higher financial literacy was tied to greater fraud awareness across nearly all fraud types. For each additional correct answer on the financial literacy quiz, respondents were more likely to mention all but one of the five fraud types examined.

As seen in Figure 4, each additional financial literacy question respondents answered correctly increased the likelihood of mentioning threat-based, imposter-based, identity-based and consumer-based scams. However, mentions of opportunity-based scams did not vary by financial literacy score.

Figure 4. Share of respondents mentioning fraud type by financial literacy



*Indicates statistically significant difference at *p* < .05

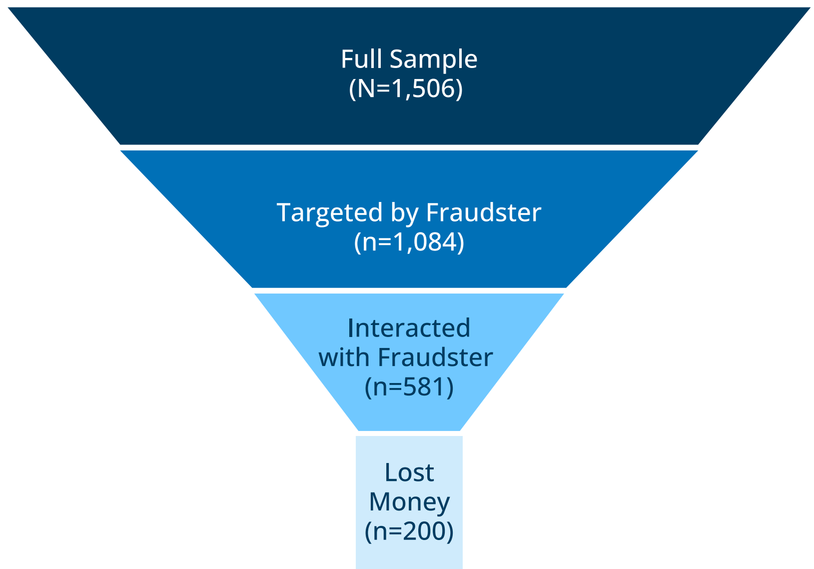
Awareness of fraud types is tied to different fraud-related outcomes

We examined if awareness of different fraud types (*i.e.*, specific fraud type mentions) is tied to three outcomes—1) being targeted by a fraudster, 2) interacting with a fraudster and 3) losing money to a scam.

Among our sample, 72 percent said they had been targeted by a fraudster at some point. Of those targeted, 54 percent indicated having interacted with the fraudster and 34 percent of those who indicated interacting with the fraudster said they lost money. See Figure 5 for details.

After controlling for a number of variables, several relationships between awareness of fraud types and fraud-related outcomes emerged.

Figure 5. Respondents' fraud-related outcomes



1. Respondents who mentioned identity-based and imposter-based fraud were more likely to say they had been targeted by a fraudster. However, this likely reflects their ability to recognize fraud attempts rather than actual differences in exposure. These respondents were probably not targeted more often but better at identifying targeting attempts.
2. Among those who indicated being targeted, awareness of the different fraud types was not associated with whether they interacted with the fraudster.
3. Respondents who mentioned threat-based fraud were less likely to report losing money to fraud.

Figure 6. Associations between fraud type mentions and fraud-related outcomes

Fraud Type Mention	Targeted by Fraudster	Interacted with Fraudster	Lost Money to Scam
Consumer-based			
Identity-based	↑		
Imposter-based	↑		
Opportunity-based			
Threat-based			↓

Note: All differences illustrated are statistically significant at the p <.05 level

The cross-sectional nature of the data limits our interpretations of the results. We cannot determine whether awareness of the different types of fraud protects people by helping them avoid victimization, whether experiencing fraud—particularly losing money—increases one's awareness of the different fraud types or whether unobserved factors such as personality traits may influence both awareness and victimization. It is also possible that spontaneous recall of fraud types differs from person to person. Additionally, fraud experiences may make certain scams more memorable, affecting what people spontaneously recall. Future longitudinal studies are needed to disentangle these pathways and establish the direction of this relationship.

Conclusion

Our findings suggest that fraud awareness in the United States is unevenly distributed, with gaps potentially leaving certain groups more vulnerable to victimization. While many adults are familiar with identity-based fraud, awareness of other common fraud types—including threat-based, opportunity-based, imposter-based and consumer-based fraud—appears much more limited. While people who didn't mention a fraud type may still be aware of it, the fact that these schemes aren't top-of-mind could leave them vulnerable to fraud.

The consistent link between financial literacy and fraud awareness highlights a potential area for intervention. Bolstering financial literacy might enhance financial decision-making and strengthen people's defenses against fraud. Further, the demographic differences observed (by gender, age and race) suggest that tailored, targeted fraud education campaigns might prove more effective than one-size-fits-all approaches.

Finally, the complex relationship between fraud experiences and awareness underscores the need for proactive education. While experiencing fraud might increase awareness and potentially protect consumers from future victimization, preventing losses before they ever occur remains a priority. These findings highlight an opportunity for regulators, financial institutions and consumer protection advocates to develop educational campaigns that address the wide range of fraud schemes threatening Americans.

About the Data

In September 2023, we conducted a survey with a sample of 1,509 U.S. adults ages 21 and older drawn from RAND's American Life Panel, an online, probability-based panel. Survey weights were used to ensure nationally representative estimates. Of 2,568 invited respondents, 1,509 completed the survey, yielding a 58.7 percent completion rate. The survey included both open- and closed-ended questions.

One open-ended question asked respondents to list up to five schemes or tactics fraudsters use. We coded responses using a combination of human and machine coding procedures. Additional questions assessed fraud experiences (e.g., whether individuals had been targeted by a fraudster, interacted with a fraudster, or lost money to a scam), as well as demographic, socioeconomic, and psychosocial characteristics. To isolate the independent relationship between specific factors and fraud awareness, we used statistical methods to adjust for multiple variables simultaneously. Percentages shown in Figures 3, 4 and 6 represent predicted probabilities from logistic regression analyses—estimates of the likelihood of an occurrence after adjusting for important variables. In this research, predicted probabilities are adjusted for the following characteristics: gender, age, educational attainment, race/ethnicity, marital status, financial literacy and loneliness.

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The FINRA Investor Education Foundation empowers Americans with the knowledge, skills, and tools to make sound financial decisions throughout life. The Foundation accomplishes this mission through educational programs and research that help consumers achieve their financial goals and that protect them in a complex and dynamic world. For more information about FINRA Foundation initiatives, visit www.FINRAFoundation.org.

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Appendix

Fraud Variables

We define fraud as a situation in which an individual or what appeared to be an organization used deception to intentionally take your money. We refer to the people behind these schemes as "fraudsters."

Being a victim of fraud is different from spending money on something legitimate, and then feeling disappointed in the result, such as poor or delayed service, a product that arrived late or did not meet your expectations, or even that an individual or organization could have been more honest in their presentation of a product or service.

Q1. Based on this definition, can you list any schemes or tactics of fraudsters? These can be things you've heard about or that you've experienced. Please list up to five tactics or schemes in the text boxes below (one per box):

(1) ______________________

(2) ______________________

(3) ______________________

(4) ______________________

(5) ______________________

- I don't know

Q2. Have you ever been targeted by a fraudster?

- Yes
- No
- I am not sures
- Prefer not to answer

Q3. When you were targeted, which of the following best described your experience? (among those targeted)

If you have been targeted multiple times, check all that apply.

- I immediately knew it was a scam and did not engage at all
- I suspected it might be a scam and interacted with the fraudster, but I didn't lose any money
- I suspected it might be a scam and interacted with the fraudster, and I did end up losing money
- I didn't know or suspect it was a scam and ended up losing money
- Something else:__________ [Other]